



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

November 6, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC SOCIAL SERVICES:  
RECOMMENDATION TO AWARD A CONTRACT TO  
QTC MEDICAL GROUP, INC., TO PROVIDE GENERAL RELIEF  
EMPLOYABILITY SCREENING SERVICES  
(ALL DISTRICTS – 3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that services performed under this contract can be performed more economically by Contractor than by County employees.
2. Approve and instruct the Chairman to sign the enclosed contract with QTC Medical Group, Inc., a private for-profit organization, for the provision of General Relief (GR) Employability Screening Services for the Department of Public Social Services (DPSS), effective December 1, 2007 through November 30, 2010, at a three-year estimated cost of \$7,727,682. The estimated annual cost is \$2,575,894. The contract cost is funded 100 percent with net County cost (NCC).
3. Delegate authority to the Director of DPSS to exercise the two options to extend the term of the contract past November 30, 2010. Each option would extend the term of the contract for an additional one-year period. The estimated cost for the first year option is \$2,575,894; the estimated cost for the second year option is \$2,575,894, for a total five-year contract cost of \$12,879,470.

Board of Supervisors  
GLORIA MOLINA  
First District

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Third District

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Fifth District

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The contract with QTC Medical Group, Inc., will provide Employability Screening Services for GR applicants/participants. Employability Screening Services are needed to determine a GR applicant's/participant's medical ability to work. The need for such services will remain as long as the determination of employability continues to be a condition of eligibility for GR. These services are currently provided through contracts with QTC Medical Group, Inc., and South Atlantic Medical Group, Inc., on a month-to-month contract term, not to extend beyond June 30, 2008.

### **Implementation of Strategic Plan Goals**

Contracting out for Employability Screening Services is consistent with the principles of the Countywide Strategic Plan's Goals #1, Service Excellence, Strategy #1, to develop user-friendly service standards and Strategy #2 to implement seamless service delivery systems. These services are provided at no cost to the participant.

### **FISCAL IMPACT/FINANCING**

The contract provides for a fixed unit cost per screening, per region, for the three-year contract term, with no cost-of-living increase. Based on the projected number of screenings that will be performed by the contractor, the cost of services for the three-year period is estimated at \$7,727,682. The estimated cost for the first year option is \$2,575,894; the estimated cost for the second year option is \$2,575,894, for a total five-year contract cost of \$12,879,470. The estimated annual cost of \$2,575,894 is included in the FY 2007-08 Adopted Budget. Funding for future years will be included in the Department's annual budget requests. These services will be financed by 100 percent County funds.

This is a Proposition A contract. According to the County cost analysis provided by the Department of Health Services (DHS), the cost for DHS staff to perform these services is estimated at \$17,138,329 for the three-year period (Attachment A). When compared against the County cost analysis provided by DHS, the Department has determined that it would be more economical for the Employability Screening Services to be provided through a contract, rather than by County employees. Based on DHS' estimated costs and DPSS' workload estimate, the contract would result in a savings of \$9,410,647 for

the three-year period. The Auditor-Controller has reviewed the cost comparison and concurs that the contract is cost-effective. The cost of the services is included in the Department's FY 2007-08 Proposed Budget. GR is a County program with no State or Federal subvention. The contract costs for employability screenings are borne entirely by the County.

### **FACTS AND PROVISIONAL/LEGAL REQUIREMENTS**

If approved, the County would have a contractual relationship with QTC Medical Group, Inc., for the provision of GR Employability Screening Services. The basic term of the contract is three years and the County would also have two options to extend the contract, each for an additional one-year period. Were both of those options exercised, the contract would expire on November 30, 2012.

GR is a County program mandated by the State of California Welfare and Institutions Code section 17000, et. seq., which requires counties to provide relief and support to indigent persons not eligible for assistance under State or Federal categorical aid programs.

Section 2.102.120 of the Los Angeles County Code requires employable GR applicants and participants to participate in an employment program as a condition of eligibility for GR. Refusal or failure to comply with that requirement, without good cause, renders an employable participant ineligible for GR. A GR applicant/participant who states that he or she is unable to participate in the mandatory employment program due to a physical and/or mental illness or disability is considered to have good cause for their failure to participate; however, the GR applicant/participant is required to obtain a physician's statement verifying their illness or disability. The GR applicant/participant may obtain the physician's statement from the contracted provider, DHS or the Veteran's Administration (VA), supporting his or her incapacity. All applicants and participants stating they are physically disabled are referred to the contractor for an employability screening to determine their ability to work. The County Department of Mental Health performs evaluations for applicants and participants who need documentation of unemployability due to mental disabilities.

The award of this contract will not result in unauthorized disclosure of confidential information. There is no employee impact as a result of the contract since services are currently being provided by contractors.

The County may terminate this contract for convenience with ten days prior written notice. The contract also contains a provision that limits the County's obligation if funding is not appropriated by the Board of Supervisors for each year of the contract.

The contract includes the provision for the contractor to first consider hiring County employees targeted for layoff or qualified former County employees who are on a re-employment list during the term of the contract when filling future vacancies. The contract also requires that the contractor consider hiring participants of the Greater Avenues for Independence (GAIN) and General Relief Opportunities for Work (GROW) programs.

The contractor is in compliance with all Board, Chief Executive Officer, and County Counsel requirements.

The contract has been approved as to form by County Counsel.

### **CONTRACTING PROCESS**

Employability Screening Services were solicited through a competitive process in accordance with Los Angeles County Code section 2.121. On January 29, 2007, DPSS released a Request for Proposals (RFP).

DPSS advertised the solicitation by mailing interest letters to 540 potential proposers, including firms listed in the "County of Los Angeles Directory of Minority and Women-Owned Businesses." The Department also placed advertisements in 13 newspapers, including publications targeting minority communities. Additionally, the RFP was posted on the Los Angeles County Bid website, the Office of Small Business (OSB) website, and the DPSS website.

In response to the January 29, 2007 RFP, the Department received four proposals. Each of the four proposers met minimum mandatory requirements and was found to be a responsible proposer. The four proposals were evaluated on their merits, taking into consideration price and the evaluation factors set forth in the RFP. QTC Medical Group, Inc., one of the current contractors, ranked the highest in all eight service areas of the County.

The Department has advised QTC Medical Group, Inc., of the Jury Service Program (County Code Chapter 2.203.020 through 2.203.090) and the contractor agrees to fully comply with the requirements, providing their full-time employees no less than five days of regular pay for actual jury service on an annual basis.

The Department has evaluated and determined that QTC Medical Group, Inc., fully complies with the requirements of the Living Wage Program (County Code Chapter 2.201) and agrees to pay its full-time employees providing County services a living wage.

### **Contractor Performance**

The contractor will be monitored on an annual basis, with expected performance outcomes that include, but are not limited to, adherence to the Employment Screening Services protocols and the timeliness in which the contractor screens the participants and enters the screening results into the LEADER system.

### **Countywide Protest Process**

Two of the Proposers requested Debriefing meetings (South Atlantic Medical Group, Inc., and Lemus Medical Center). Lemus Medical Center requested a tier-two level of review, and subsequently requested a level three hearing before the County Review Panel. The County Review Panel was convened and conducted a hearing on August 1, 2007. In attendance at the hearing were representatives from the Chief Executive Office, County Counsel, DPSS staff and Dr. James Lemus, of Lemus Medical Center. Dr. Lemus presented his concerns and opposition to award of the contract to QTC Medical Group; DPSS' representatives responded.

The County Review Panel unanimously found that DPSS did not fail to follow procedures specified in the solicitation document, did not make any identifiable mathematical or other errors in evaluating the proposal that resulted in Lemus Medical Center receiving an incorrect score nor did any member of the Evaluation Committee demonstrate bias in the conduct of the evaluations.

It was the Panel's unanimous recommendation that DPSS' evaluation of the proposal submitted by Lemus Medical Center remain unchanged.

### **IMPACT ON CURRENT SERVICES**

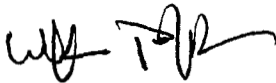
The award of this contract will not infringe on the role of the County in its relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

Honorable Board of Supervisors  
November 6, 2007  
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**CONCLUSION**

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board Letter and four original-signature copies of the contract to DPSS.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SRH:SS  
GP:JB:lbm

Attachments

c: County Counsel  
Auditor-Controller  
Department of Health Services  
Department of Public Social Services

DPSS-QTC Medical Contract.bl